

**BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

May 11, 2004

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T.R.A. DOCKET ROOM

IN RE) *Docket No. 04-00034*
PETITION OF CHATTANOOGA GAS)
COMPANY TO CHANGE AND INCREASE)
CERTAIN RATES AND CHARGES)

**MOTION TO COMPEL AND MEMORANDUM IN SUPPORT OF THE REQUEST OF
THE CHATTANOOGA MANUFACTURING ASSOCIATION TO SERVE
ADDITIONAL DISCOVERY REQUESTS**

The Chattanooga Manufacturers Association ("CMA") moves to exceed forty discovery requests, pursuant to TRA Rule 1220-1-2-.11, and submits the following argument in support of this motion.

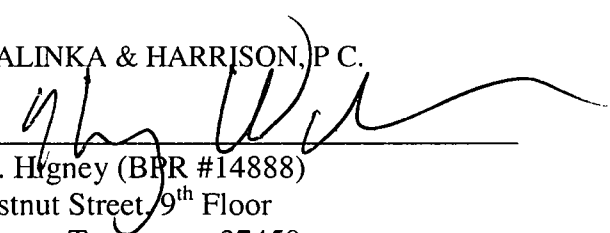
The reasons for allowing CMA to exceed forty discovery questions in this proceeding are the same as described in an identical motion filed earlier by the Consumer Advocate. This is a complex, precedent-setting rate case. The TRA Staff, for example, has already issued more than one hundred data requests. The Consumer Advocate has also asked substantially more than forty questions, a limitation which may be appropriate in a routine complaint case but is hardly sufficient for a large utility rate proceeding.

As pointed out in the Consumer Advocate's Motion, cases of this type always require extensive discovery. What sets this case apart from other recent rate cases, however, is the way in which Chattanooga Gas, as described in the Consumer Advocate's Motion, did not follow the TRA's recommended "Filing Guidelines for Rate Cases" and yet has continued to block discovery at every turn. For example, Chattanooga Gas was given a courtesy copy of the Consumer Advocate's discovery well in advance of filing so that the company could get a head-start on compiling responses. The company waited weeks before announcing at a pre-hearing

conference that it would not respond to more than a fraction of the CAD's requests because the CAD had not received permission to exceed forty questions, a rule which is rarely cited in large rate cases because of the obvious need to exceed the forty-question limit. The Company used the same tactic with CMA, sitting on the data request for two weeks and never notifying CMA that it intended to object to the number of questions until it filed its response to only the first fourteen of CMA's thirty-three questions. Despite the Hearing Officer's repeated requests that, in light of the compressed procedural schedule, the parties try to negotiate discovery disputes, the company's tactics have only exacerbated the problems in bringing this case to hearing ¹

The remaining nineteen questions in CMA's request are narrowly focused on issues important to CMA. A copy of CMA's original request is attached. The relevance of each question is self-evident. Therefore, CMA asks that this Motion be granted and that Chattanooga Gas, which has been aware of these questions since April 26, 2004, be directed to respond immediately to the remaining questions.

GRANT, KONVALINKA & HARRISON, P.C.

By: 
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- and -

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¹ It is also highly questionable how the Company determined that CMA's first fourteen requests contained a total of forty questions. This can only be done by counting each piece of information provided as a separate question. It appears, for example, that when CMA asked for the filing dates of the Company's last four rate cases, a simple and easy-to-answer request (see question 4(a)), the Company counted that as four questions instead of one. A more reasonable count of the questions and sub-parts, at a maximum, indicates that CMA made, in total, fifty-five requests.

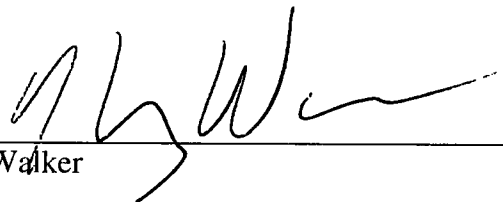
CERTIFICATE OF SERVICE

I hereby certify that I have on this 11th day of May, 2004, served the foregoing pleading either by fax, hand-or overnight-delivery service, or first class mail, postage prepaid, to all parties of record at their addresses shown below:

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Henry Walker

ATTACHMENT

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

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IN RE:

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T.R.A. DOCKET ROOM

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PETITION OF CHATTANOOGA
GAS COMPANY TO CHANGE AND
INCREASE CERTAIN RATES AND
CHARGES .

*

DOCKET NO. 04-00034

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CHATTANOOGA MANUFACTURERS ASSOCIATION'S FIRST DATA REQUESTS
TO PETITIONER CHATTANOOGA GAS COMPANY

1. Please provide all workpapers on electronic spreadsheet and in hard copy, along with copies of all reference materials and other sources relied on by all Chattanooga Gas Company (the "Company") witnesses in this proceeding.

2 Over the period 2000, 2001, 2002 and 2003, please provide copies of the Company's Annual Report to Shareholders, the annual report filed with the Tennessee Regulatory Authority, and all annual report-like documents filed with the Securities and Exchange Commission

3. Please provide a copy of the Company's five-year and ten-year capital expenditure and operating expense budgets

4 Please provide the following

- a The dates of the Company's rate filings in its most recent four rate filings before the Tennessee Regulatory Authority (TRA)
- b. The dates of Atlanta Gas Light Company's, or any subsidiary of affiliate's, rate filings in the past three (3) years, identifying the case style, docket number, agency and jurisdiction, date of filing and a summary of the request(s) made and result(s) obtained in each case.
- c. All activities that make up the Company's costs for preparation and presentation of the current filing, and the costs incurred to develop its cost of service study (if any).

5. Please provide all workpapers, a description of all services and copies of all analyses the Company undertook to demonstrate that affiliate transaction fees are competitive for the services provided with alternative non-affiliated companies, a copy of the Company's affiliate transaction agreements between the Company and all affiliate companies, a list of the test year and attrition year transaction costs between the Company and all affiliated companies; a brief description of all affiliate services provided to the Company, and, the analysis that shows that all Chattanooga Gas affiliate transaction expenses are reasonable and comparable with competitive non-affiliated costs for providing the same or comparable services
6. Please provide the basis for the Company's decision to allocate the requested increase equally across all customer classes
7. Please provide any cost of service studies that were prepared by or for the Company in connection with its requested rate increase or preparation of this case.
8. Please provide a copy of the most recent class cost of service study conducted by the Company or its consultants if none were conducted in conjunction with or preparation of this case.
9. For both the proposed Tariff and the "preferred alternate" Tariff, provide a complete proof of revenue spreadsheet which shows, at a minimum
 - a. The billing units corresponding to each proposed rate component for each rate class;
 - b. The revenue produced by each rate component for each customer class at both present and proposed rates; and
 - c. The total revenue under present and proposed rates for each class.
10. Please provide a reconciliation of the increase shown in the proof of revenue requested above with the increase the Company has requested in this case.

11. Referring to the proposed Bare Steel and Cast Iron Tracker, please explain the basis, if any, for recovering that from all customers on an equal cents per therm basis

12 Please identify any variable costs proposed to be recovered through the proposed Bare Steel and Cast Iron Tracker

13 Please explain the basis, if any, for recovering all costs on an equal cents per therm basis in the proposed Chattanooga assisted rate for energy service tracker

14. In the Company's proposed cash out of monthly imbalances, please describe the basis for the "short premiums" and "long discounts" that apply to each of the levels of imbalance identified in the proposal

15. Please provide any calculation of costs historically imposed on the Company by customer imbalances and show the derivation and workpapers supporting that derivation

16 Has the Company considered any proposals that would allow for the pooling of customer imbalances so that only net imbalances are penalized? If yes, please provide copies of all studies and/or reports.

17. Please explain the weighting of the four prices used to develop the imbalance charges.

18 Under Special Terms and Conditions, the Company has proposed a penalty of \$30.00 per dth or an amount equal to the actual cost incurred by the Company. Please provide the derivation of \$30.00 per dth.

19. Please provide a formula showing how the actual cost incurred by the Company will be determined for purposes of the overrun penalty

20. Please provide an example showing the calculation of the actual cost incurred by the Company in a penalty situation.

21. Please explain why it is appropriate to charge the "greater of" rather than the lesser of \$30.00 per dth or the actual cost incurred by the Company.

22. Please estimate the actual impact on the Company's earnings by charging the greater of \$30.00 per dth rather than the actual cost under the overrun penalty per the Tariff Special Terms and Conditions

23. In the parent company's (AGL's) 2003 annual report, the total operations and maintenance (O & M) expenses per customer were indicated as being \$142 per customer. Provide a brief explanation why attrition year period O&M expenses are claimed as being considerably higher for Tennessee customers, \$14,438,400, or \$244 per customer (72% higher)

24. In the Company's last rate case before this Authority, the Company's corporate allocations expenses apparently were limited to \$3.73 million based on the percent weight of customers relative to the parent company AGL. Please provide a pro forma AGL services company allocations expense, if the corporate allocations expenses are allocated based on the current percent weight of Tennessee customers relative to the parent company AGL.

25. Did the Company omit penalty revenues from the test year revenues? If yes, please provide a detail of penalty revenues billed by the Company for five years ending September 30, 2003, including but not limited to those for unauthorized consumption by L-1 customers.

26. For the same period as Request Number 25 above, provide the amount of penalties paid to the Company's pipeline suppliers for unauthorized consumption associated with interstate pipeline operational flow orders

27. For the same period as Request Number 25 above, please provide details of any peaking services that are provided by the Company's LNG assets in Chattanooga, and how much (if

any) of those gross revenues (identified as \$10.6 million in AGL's 2003 annual report) are derived from the Company's Tennessee assets.

28. For the same period as Request Number 25 above, how much (if any) of the peaking revenue has been returned or refunded to Tennessee ratepayers?

29 Please provide an itemized monthly detail for the five years prior to the period ending September, 2003, of the Company's interstate pipeline storage transactions where the Company or the Company's managing affiliate has profited from the sale of storage gas sold to parties other than the Company's Tennessee ratepayers

30. Has the Company's interstate pipeline storage ever been sold or subcontracted a non-affiliate third party for any period in the five years prior to the period ending September, 2003? If yes, please provide the details of each arrangement and the fee(s) paid to, or revenues and benefits accruing to, the Company. Also identify how much (if any) of these proceeds were returned or refunded to Tennessee ratepayers?

31 Has the Company or its managing affiliate ever used the Company's interstate storage to inventory gas not held for Tennessee ratepayers, for any period in the five years prior to the period ending September, 2003? If yes, please provide details.

32 Please provide details of the bailment agreement between the Company and the Company's affiliate Sequent that expired in December, 2003, and provide a reference or citation to the authorization by the TRA (if any) that allows the \$0.3 million fee paid in lieu of the equal sharing requirement specified by the Company's Interruptible Margin Credit Rider.

33. Has the Company ever solicited for competing bids that would maximize the value of ratepayer assets utilized off system in lieu of the current affiliate agreement? If yes, please provide

details

Respectfully submitted this 26th of April, 2004.

GRANT, KONVALINKA & HARRISON, P C.

By: _____


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